

**AVOYELLES CHILD  
DEVELOPMENT SERVICES, INC.**  
Moreauville, Louisiana

Financial Report  
Year Ended December 31, 2014

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# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

Ms. Evelyn Scallan, Executive Director, and  
Members of the Board of Directors  
Avoyelles Child Development Services, Inc.  
Moreauville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Avoyelles Child Development Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avoyelles Child Development Services, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 25, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the financial information listed as "Supplemental Information" on pages 18-19, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2015, on our consideration of Avoyelles Child Development Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avoyelles Child Development Services, Inc.'s internal control over financial reporting and compliance.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Marksville, Louisiana  
July 20, 2015

## **FINANCIAL STATEMENTS**

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Statement of Financial Position  
December 31, 2014

ASSETS

Current assets:	
Cash	\$ 17,187
Grants receivable	18,080
Prepaid expenses	<u>43,985</u>
Total current assets	79,252
Property and equipment, net	<u>2,929,398</u>
Total assets	<u>\$3,008,650</u>

LIABILITIES AND NET ASSETS

Liabilities -	
Current liabilities:	
Accounts payable	\$ 25,568
Accrued salaries and related benefits	18,868
Note payable	<u>47,694</u>
Total current liabilities	92,130
Long-term liabilities:	
Notes payable	<u>1,394,038</u>
Total liabilities	<u>1,486,168</u>
Net assets:	
Temporarily restricted	<u>1,522,482</u>
Total liabilities and net assets	<u>\$3,008,650</u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Statement of Activity  
Year Ended December 31, 2014

	<u>Temporarily Restricted</u>
Support:	
Government grants	\$ 1,298,955
Contributed services	336,062
Contributed facilities and equipment	<u>1,297,789</u>
Total support	<u>2,932,806</u>
Expenses:	
Program services -	
Head Start	1,302,715
Food Services	<u>107,609</u>
Total expenses	<u>1,410,324</u>
Change in net assets	1,522,482
Net assets, beginning	<u>-</u>
Net assets, ending	<u><u>\$ 1,522,482</u></u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Statement of Functional Expenses  
Year Ended December 31, 2014

	Program Services		
	Head Start Program	Food Services Program	Total
Salaries	\$ 541,767	\$ 43,120	\$ 584,887
Payroll taxes	49,196	6,561	55,757
Retirement	<u>14,653</u>	<u>1,361</u>	<u>16,014</u>
Total salaries and related expenses	605,616	51,042	656,658
Dues	1,989	-	1,989
Transportation cost	18,745	-	18,745
Food and nutrition	-	50,367	50,367
Insurance	33,199	-	33,199
Interest expense	39,191	-	39,191
Contributed services and facility costs	336,062	-	336,062
Medical, dental and language services	12,512	-	12,512
Miscellaneous	901	-	901
Licenses and permits	3,090	-	3,090
Advertising	617	-	617
Professional fees	35,872	-	35,872
Rent	952	-	952
Repairs and maintenance	35,089	-	35,089
Seminars and workshops	30,327	-	30,327
Supplies and materials	46,079	6,200	52,279
Telephone	15,002	-	15,002
Travel	23,663	-	23,663
Utilities	<u>18,790</u>	<u>-</u>	<u>18,790</u>
Total expenses before depreciation	1,257,696	107,609	1,365,305
Depreciation expense	<u>45,019</u>	<u>-</u>	<u>45,019</u>
Total expenses	<u>\$1,302,715</u>	<u>\$ 107,609</u>	<u>\$1,410,324</u>

The accompanying notes are an integral part of this statement.



AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Statement of Cash Flows  
For the Year Ended December 31, 2014

Cash flows from operating activities:	
Change in net assets	\$ 1,522,482
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	45,019
Non-cash donation	(1,297,789)
Increase in grants receivable	(18,080)
Increase in prepaid expenses	(43,985)
Increase in accounts payable	25,568
Increase in accrued salaries and related benefits	18,868
Net cash provided by operating activities	<u>252,083</u>
Cash flows from financing activities:	
Proceeds from debt	1,472,268
Payments on long term debt	<u>(30,536)</u>
Net cash flows from financing activities	<u>1,441,732</u>
Cash flows from investing activities:	
Net purchase of property and equipment	<u>(1,676,628)</u>
Net increase in cash and cash equivalents	17,187
Cash and cash equivalents, beginning	<u>-</u>
Cash and cash equivalents, ending	<u>\$ 17,187</u>
Supplemental data:	
Interest paid	<u>\$ 39,191</u>
Income taxes	<u>\$ -</u>

The accompanying notes are an integral part of this statement

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Avoyelles Child Development Services, Inc. (Organization) is a non-profit organization, which was organized in July 2012, and shall continue in existence for a period of 99 years from that date unless dissolved earlier. The Organization receives grants from federal and state governments to provide early childhood development programs for disadvantaged pre-school children in Avoyelles Parish.

B. Basis of Accounting

The financial statements of Avoyelles Child Development Services, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investment with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Budgets

The Organization does not adopt budgets on a fiscal year basis. Each grant program's budget is based on its individual program year end and is approved by the program at the inception of the program. Budgetary amendments must generally be approved by the program as well.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Notes to Financial Statements (Continued)

E. Fixed Assets and Depreciation

The Organization's capitalization policy is \$1,000 for property and equipment recorded at cost, if purchased, or at estimated fair market value is donated. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over useful lives of the assets. Depreciation is computed using the straight line method over the estimated useful lives of the assets in accordance with each program's grant guidelines. Typical useful lives are 7 to 40 years for buildings and improvements and 4 to 15 years for equipment and furniture.

F. Compensated Absences

Vacation and sick leave are recorded as an expense in the period in which paid. Annual leave is accumulated at a rate of 5 days per year. Employees terminated prior to the end of a fiscal year are paid for any unused annual leave. Annual leave must be used for forfeited in the year earned. For administrative staff, the year corresponds to the fiscal year. Teaching staff must use annual leave during the school year earned. Any unused leave at December 31, 2014 available to teaching staff which must be used by May 2016 was considered immaterial for accrual in these financial statements. Sick leave is accumulated at 12 days per year. Sick leave can be accumulated up to 240 hours; however, sick leave does not vest and is not paid upon termination.

G. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. However, the Organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax period in progress. The Organization was created in 2012 and had no financial activity until 2014; therefore, the year ending 2014 is the only tax year not closed. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Notes to Financial Statements (Continued)

H. Advertising Expense

Advertising costs are expensed as incurred. Total advertising expense was \$617 for the year ended December 31, 2014.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Grants Receivable

Grants receivable at December 31, 2014 consisted of \$18,080 due from the Louisiana Department of Education for expenses incurred under the Food Services Program.

(3) Property and equipment

Property and equipment consisted of the following at December 31, 2014:

	Balance 1/1/14	Additions	Deletions	Balance 12/31/14
Capital asset not being depreciated:				
Land	\$ -	\$ 129,650	\$ -	\$ 129,650
Other capital assets:				
Buildings and improvements	-	2,489,850	-	2,489,850
Furniture and equipment	-	59,400	-	59,400
Vehicles	-	295,517	-	295,517
Total	-	2,974,417	-	2,974,417
Less accumulated depreciation:				
Buildings and improvements	-	29,447	-	29,447
Furniture and equipment	-	4,738	-	4,738
Vehicles	-	10,834	-	10,834
Total accumulated depreciation	-	45,019	-	45,019
Capital assets, net	\$ -	\$ 2,929,398	\$ -	\$ 2,929,398

Property and equipment purchased with federal monies may revert back to the government or the sale of such property and equipment has to be approved and the proceeds from the sale are restricted. Depreciation expense charged to the operations of the Head Start Program amounted to \$45,019 for the year ended December 31, 2014.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Notes to Financial Statements (Continued)

(4) Changes in Long-Term Debt

The following is a summary of long-term debt transactions for the year ended December 31, 2014:

	<u>Balance</u> <u>01/01/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/14</u>	<u>Due Within</u> <u>One Year</u>
Notes payable	\$ -	\$1,472,268	\$ 30,536	\$1,441,732	\$ 47,694

Notes payable at December 31, 2014 was comprised of the following individual notes:

Note payable to Union Bank with an original amount of \$307,711, dated July 23, 2014, due in monthly installments of \$2,272, which includes interest at 7.50%, maturing in September 2039, secured by land and a bulding known as Mother Goose Head Start located in Hessmer, Louisiana.	\$ 303,380
Note payable to Union Bank with an original amount of \$115,221, dated July 23, 2014, due in monthly installments of \$1,179, which includes interest at 7.75%, maturing in June 2027, securied by land an a building known as New Beginnings Head Start located in Mansura, Louisiana.	111,720
Note payable to Union Bank with an original amount of \$346,902, dated July 23, 2014, due in monthly installments of \$2,590, which includes interest at 7.50%, maturing in November 2038, secured by land an a building known as Mother Hubbard Head Start Center located in Simmesport, Louisiana.	341,844
Note payable to Union Bank with an original amount of \$209,304, dated July 23, 2014, due in monthly installments of \$1,515, which includes interest at 7.50%, maturing in April 2041, secured by land and a building known as Humpty Dumpty Head Start Center in Moreauville, Louisiana.	206,542
Note payable to Union Bank with an original amount of \$57,587, dated July 23, 2014, due in monthly installments of \$680, which includes interest at 7.75%, maturing in October 2024, secured by land and a building known as Lil Bo Peep Head Start Center located in Centerpoint, Louisiana.	55,286
Note payable to Union Bank with an original amount of \$163,690, dated July 23, 2014, due in monthly installments of \$1,766, which includes interest at 7.75%, maturing in May 2026, secured by land and a building known as Jack & Jill Head Start Center located in Cottonport, Louisiana.	158,165

(continued)

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Notes to Financial Statements (Continued)

Note payable to Union Bank with an original amount of \$81,078, dated October 29, 2014, due in monthly installments of \$1,138, which includes interest at 7.75%, maturing in November 2022, secured by land and a building known as Cinderella Head Start Center located in Marksville, Louisiana.

78,521

Note payable to Union Bank with an original amount of \$190,776, dated October 29, 2014, due in monthly installments of \$2,080, which includes interest at 7.00%, maturing in November 2025, secured by land and a building known as Brookks Development Center located in Bunkie, Louisiana.

186,274

\$1,441,732

Scheduled maturities of long-term debt as of December 31, 2014 are as follows:

Year ending December 31,	Principle	Interest	Total
2015	\$ 47,694	\$ 97,717	\$ 145,411
2016	55,903	102,727	158,630
2017	60,250	98,380	158,630
2018	64,933	93,694	158,627
2019	69,984	88,645	158,629
2020-2024	404,363	355,381	759,744
2025-2029	232,405	226,952	459,357
2030-2034	233,062	149,558	382,620
2035-2039	261,733	47,576	309,309
2040-2041	11,405	313	11,718
Total	<u>\$1,441,732</u>	<u>\$1,260,943</u>	<u>\$2,702,675</u>

(5) Operating Leases

The Organization entered into various operating leases for copiers commencing in 2014 with lease terms of 60 months. Future minimum lease payments due under the lease terms are as follows:

<u>Year Ending December 31,</u>	
2015	\$ 8,723
2016	8,723
2017	8,723
2018	8,723
2019	5,450

Lease expense amounted to \$4,057 for the year ended December 31, 2014.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Notes to Financial Statements (Continued)

(6) Retirement

All employees of the Organization participate in the Social Security System. The Organization and its employees contribute a percentage of each employee's salary to the System (7.65% by the employer, 7.65% by the employee). Retirement amounts are paid to the Social Security System, which is responsible for administration and disbursing benefits. Avoyelles Child Development Services, Inc. has no further liability for future deficits in the system.

Employees of Organization also have the option of participating in a defined contribution salary deferral plan. The plan is established in accordance with Section 403(B) of the Internal Revenue Code. Under the plan, the Organization contributes a discretionary matching contribution equal to a percentage of the amount of the salary reduction elected by the employee, up to 5% of compensation. The employee may elect a salary reduction up to the maximum annual allowable amount established by applicable Internal Revenue Code Sections. During the year ended December 31, 2014, the Organization's contribution to the plan totaled \$16,014.

(7) Restrictions of Net Assets

Temporarily restricted net assets are available for the grant programs at December 31, 2014 as follows:

Head Start Program - pre-school education	\$ 1,505,924
Food Services Program - meal reimbursement	<u>16,558</u>
Total temporarily restricted net assets	<u>\$ 1,522,482</u>

(8) Litigation and Claims

There was no pending litigation against the Organization at December 31, 2014.

(9) Compensation Paid to Members of the Board of Directors

Members of the Board of Directors of Avoyelles Child Development Services, Inc. receive no compensation and are reimbursed only for expenses incurred relating to Avoyelles Child Development Services, Inc.'s business, which must have appropriate supporting documentation.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Notes to Financial Statements (Continued)

(10) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to Evelyn Scallan, Director, for the year ended December 31, 2014 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 26,748
Benefits - retirement	1,137
Reimbursements	257
Notary fees	35
Training	751
Travel	<u>2,968</u>
Total	<u>\$ 31,896</u>

(11) Contributed Services, Materials, and Facilities

Contributed services represent volunteer teachers, doctors, and attorneys in which the value of the service creates or enhances non-financial assets or the service is specialized and would otherwise be purchased if not provided by donation. Contributed services and materials are reflected in these financial statements at fair value, which amounted to \$336,062 for the year ended December 31, 2014.

In July 2014, Avoyelles Child Development Services, Inc. was awarded funding to operate the Head Start Program in Avoyelles Parish. Federal regulations specifically state that real property which is acquired or improved with federal funds is held in trust by the recipient of the funds for Head Start children. In June 2014, Avoyelles Progressive Action Committee, Inc. (APAC), the previous administrator of the Head Start Program in Avoyelles Parish, was directed by the Administration for Children and Families, as a holder of a federal interest in property held by APAC, to transfer title of eight (8) facilities to Avoyelles Child Development Services, Inc., by July 23, 2014 for continued Head Start Program use. This transfer was made through a Sale with Assumption in July 2014. At this time, Avoyelles Child Development Services, Inc. also assumed the outstanding notes payable balances associated with these properties (See Note 4). These facilities and other equipment received from APAC were recorded at fair market value as of the date of the transfer. Contributed facilities and equipment totaling \$1,297,789 recorded in these financial statements represents the fair market value of the contributed facilities and equipment net of any outstanding loan balances assumed by Avoyelles Child Development Services, Inc.



AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Notes to Financial Statements (Continued)

(12) Grant Revenue

The Organization's major source of revenue is grants from federal and state governmental entities. The use of these funds is restricted to the purpose set forth in the individual grant agreements. Such grant agreements are subject to review and audit by governmental agencies. Such audits could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Organization's management, such disallowances, if any, will not be significant.

(13) Concentrations

The Organization receives a substantial amount of its support from the U.S. Department of Health and Human Services – Head Start Program. A significant reduction in the level of this support or suspension in funding may have a substantial impact on the continuing operations of the Organization.

(14) Subsequent Events

The Organization's management has evaluated subsequent events through July 20, 2015, the date which the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

## **INDIVIDUAL PROGRAMS/FUNDS**

### **Head Start Program**

To account for the receipt and expenditure of funds received from the U.S. Department of Health & Human Services which provides educational, psychological, nutritional, medical, dental and social services to needy pre-school children in the area.

### **Food Services Program**

To account for receipt and expenditure of federal grant funds passed through the Louisiana Department of Education for meals for needy children at Head Start locations.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Combining Statement of Financial Position  
December 31, 2014

	Head Start Program	Food Services Program	Total
ASSETS			
Current assets:			
Cash	\$ 16,247	\$ 940	17,187
Grants receivable	-	18,080	18,080
Prepaid expenses	43,985	-	43,985
Total current assets	60,232	19,020	79,252
Property and equipment, net	2,929,398	-	2,929,398
Total assets	\$2,989,630	\$ 19,020	\$3,008,650
LIABILITIES AND NET ASSETS			
Liabilities -			
Current liabilities:			
Accounts payable	\$ 24,046	\$ 1,522	\$ 25,568
Accrued salaries and related benefits	17,928	940	18,868
Note payable	47,694	-	47,694
Total current liabilities	89,668	2,462	92,130
Long-term liabilities:			
Notes payable	1,394,038	-	1,394,038
Total liabilities	1,483,706	2,462	1,486,168
Net assets:			
Temporarily restricted	1,505,924	16,558	1,522,482
Total liabilities and net assets	\$2,989,630	\$ 19,020	\$3,008,650

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Schedule of Grant Revenue  
Year Ended December 31, 2014

Food Services Program	\$ 88,287
Head Start Program	<u>1,210,668</u>
	<u>\$1,298,955</u>

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## OFFICES

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ms. Evelyn Scallan, Executive Director  
and Members of the Board of Directors  
Avoyelles Child Development Services, Inc.  
Moreauville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Avoyelles Child Development Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 20, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Avoyelles Child Development Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Avoyelles Child Development Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Avoyelles Child Development Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Avoyelles Child Development Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year findings and corrective action plan as item 2014-001.

### **Avoyelles Child Development Services, Inc.'s response to Finding**

Avoyelles Child Development Services, Inc.'s response to the finding identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan. Avoyelles Child Development Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Marksville, Louisiana  
July 20, 2015



# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Ms. Evelyn Scallan, Executive Director,  
and Members of the Board of Directors  
Avoyelles Child Development Services, Inc.  
Moreauville, Louisiana

### Report on Compliance for the Each Major Federal Program

We have audited Avoyelles Child Development Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Avoyelles Child Development Services, Inc.'s major federal program for the year ended December 31, 2014. Avoyelles Child Development Services, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Avoyelles Child Development Services, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Avoyelles Child Development Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Avoyelles Child Development Services, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Avoyelles Child Development Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

### **Report on Internal Control over Compliance**

Management of Avoyelles Child Development Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Avoyelles Child Development Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Avoyelles Child Development Services, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Marksville, Louisiana  
July 20, 2015

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass-through Identifying Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:			
Passed through Louisiana Dept. of Education - Child and Adult Care Food Program	-	10.558	\$ 107,610
U.S. Department of Health and Human Services:			
Head Start Program	-	93.600	<u>1,187,368</u>
Total			<u>\$1,294,978</u>

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Notes to Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2014

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Avoyelles Child Development Services, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the schedule of expenditures of federal awards to total expenses per statement of functional expenses is as follows:

Total expenses per statement of activities	\$1,410,324
Add: Principle payments on notes	27,233
Purchase of buses	194,517
Utility deposits paid	1,300
Prepaid insurance	42,685
Less: In-kind contributions	(336,062)
Depreciation	<u>(45,019)</u>
Total expenditures per schedule of federal awards	<u>\$1,294,978</u>

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2014

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies in internal control were disclosed by the audit of the financial statements.
3. One instance of noncompliance material to the financial statements and required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.
4. No deficiencies in internal control over the major program were disclosed during the audit.
5. The auditor's report on compliance for the major federal award program expressed an unmodified opinion.
6. The audit disclosed no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The major program was the U.S. Department of Health and Human Services - Headstart Program, CFDA No. 93.600.
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. The Avoyelles Child Development Services, Inc. did not qualify as a low-risk auditee.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

See finding 2014-001 in the accompanying Summary Schedule of Current and  
Prior Year Audit Findings and Corrective Action Plan.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There were no significant deficiencies or instances of material noncompliance  
relative to a major federal program noted.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.  
Moreauville, Louisiana

Summary Schedule of Current and Prior Year Audit  
Findings and Corrective Action Plan  
Year Ended December 31, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding/ Management Letter Comment	Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken	Name of Contact Person	Anticipated Date of Completion
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CURRENT YEAR (12/31/2014) --

Internal Control:

There were no internal control findings noted.

Compliance:

2014-001	2014	State law requires that audit reports be completed and submitted six months after the fiscal year end. Avoyelles Child Development Services, Inc.'s audit report was not completed and submitted prior to June 30, 2014.		Avoyelles Child Development Services, Inc. (ACDS, Inc.) fully acknowledges the audit reporting requirements and that the audit report must be filed with the State of Louisiana within six months of year end. After advertising three times for an auditor, ACDS, Inc. was finally able to contract with an auditing firm in March 2015. One of the conditions of engaging the auditing firm was that the audit would be complete and submitted within the required time after year end and the auditing firm assured ACDS it would be. Not until June 30, 2015 was ACDS, Inc. notified that the audit would be late and the auditing firm assured ACDS, Inc. that it was not fault of ACDS, Inc. ACDS, Inc. has done and will continue to do everything in its capability to ensure that all future audits are submitted timely. However, situations such as this year, it was not in ACDS, Inc.'s control to compete and submit the audit report timely.	Evelyn Scallan, Executive Director	12/31/2015
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PRIOR YEAR (12/31/2013) --

Internal Control:

There were no internal control findings noted.

Compliance:

There were no compliance findings noted.